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Abstract, Full Text

A good deal less painful:[1GS Edition]*John Evans. Sunday Times. London: Oct 24, 1999. pg. 23*[» Jump to full text](#) Author(s): John EvansSection: FeaturesPublication title: Sunday Times. London: Oct 24, 1999. pg. 23Source Type: Newspaper

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Simple: it's a great way of selling finance. Many favour a scheme called personal contract purchase (PCP). This allows the customer to finance only a portion of the car's price, so keeping the monthly payments low. At the end of the term - typically two years - the customer can exchange the car for a new one, putting any profit he makes on the deal towards the next car's deposit, pay the balance or optional final payment and own the car, or hand back the keys and walk away.

For a new Ford Focus Zetec 1.6 5dr doing 12,000 miles a year on a two-year PCP, Car Choice quoted a 30 per cent deposit of Pounds 3,660, followed by 24 monthly repayments of Pounds 154. The guaranteed future value, or optional final payment, was Pounds 6,558. The APR was 11.4 per cent. The service is also available on digital TV. You simply operate the remote control to navigate your way around the various options on the site.

Full Text (565 words)*Copyright Times Newspapers Ltd, 1999)*

How can I buy a new car without having to meet any nasty salesmen?

By buying via the telephone, internet or digital television. The whole deal can be conducted from your armchair. Some companies behind the new services even discount the cars automatically. Companies offering these new services include banks, car brokers, car makers and "virtual" car dealers.

What are banks doing selling cars?

Simple: it's a great way of selling finance. Many favour a scheme called personal contract purchase (PCP). This allows the customer to finance only a portion of the car's price, so keeping the monthly payments low. At the end of the term - typically two years - the customer can exchange the car for a new one, putting any profit he makes on the deal towards the next car's deposit, pay the balance or optional final payment and own the car, or hand back the keys and walk away.

HSBC has just taken over the running of Car Choice, a telephone new car buying service (0500 282930), also available on digital TV. You tell the bank what you want and it does the rest, right down to delivering it.

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Can brokers do a better deal?

Telephone-based new car broker Car File (01335 360763) works like an introduction agency by putting you in touch with main dealers willing to sell at almost trade price. For the same model of Ford Focus, on the same terms as Car Choice, Car File's Ford dealer wanted a deposit of Pounds 3,657, followed by 24 payments of Pounds 177. The future value was Pounds 5,758 and the APR 10.9 per cent. However, unlike Car Choice, you are free to decide how you finance the car.

Another broker is Autobytel (www.autobytel.co).

uk), which sources its cars from main dealers. Customers visit its website and answer a series of questions that help them choose their car. They can then pay for it online. For the same Focus on a PCP, Autobytel wanted a deposit of Pounds 3,800, followed by Pounds 186 per month and an optional final payment of Pounds 5,822. The APR was 8.9 per cent.

What about the "virtual" showroom?

One Stop Car Shop (01202 314433 or www.onestopcarshop.com) aims to offer the complete new and used car buying service including finance, warranties, inspections and part-exchange appraisals. For our Ford Focus on the same PCP terms, it wanted a deposit of Pounds 3,000, followed by Pounds 159 per month. The optional final payment was Pounds 7,839 and the APR 10.7 per cent.

Is it safe buying from your armchair?

Be sure the seller identifies himself clearly (the internet can offer the unscrupulous anonymity). Establish whether an invitation to treat - where a degree of advertising hype is allowed - is being made, or an offer to purchase, where descriptions are binding. Check what cooling-off period you are allowed.

John Evans was talking to RAC Legal Services and armchair dealers

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